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TAGS: [EAIR](#) [ECON](#) [ETTC](#) [KCRM](#) [SY](#)
SUBJECT: SYRIAN ARAB AIRWAYS CONTINUES TO PURSUE A WET LEASE

REF: 06 DAMASCUS 1811

Classified By: CDA Michael H. Corbin for reasons 1.5 b/d

11. (SBU) Summary. Syria Arab Airways has reportedly signed an agreement to lease Boeing airplanes from a new company set up by Rami Makhoulf. End summary.

12. (C) As he has with nearly every other economic sector in Syria, we've heard from local contacts that Rami Makhoulf, President Assad's first cousin, is about to enter the Syrian air transportation industry. Makhoulf has reportedly established a new charter airline, possibly based out of the Virgin Islands. After establishing his airline, Makhoulf coerced and cajoled managers at Syrian Arab Airlines (SAA) to lease aircraft from his new airline to fly SAA's most lucrative routes. Others in the industry have described Makhoulf's contract with SAA as something more than a conventional wet lease and instead insist Makhoulf's airline will actually take over SAA's most profitable routes. According to this scenario, Makhoulf's airline would fly 80 percent of SAA's existing routes, all routes under a certain distance from Damascus (700 miles was mentioned to us as the cutoff). Makhoulf would then leave SAA with only the longer-haul, money-losing routes, mostly to Europe.

13. (SBU) In a recent meeting with SAA managers to discuss spare parts licenses, the SAA managers asked for our opinion on a hypothetical.⁸ The SAA managers wanted to know if a wet lease of Boeing aircraft from another airline would violate US sanctions. When we replied affirmatively, the managers asked what if SAA had already signed a lease and paid a deposit. We opined that from our understanding of US law such a lease would be a violation of US sanctions.

14. (C) Comment. Given what we have heard about Makhoulf's contract with SAA, it seems safe to guess that the SAA's hypothetical actually had to do with the airline's new contract with Makhoulf. Reportedly SAA managers are none too pleased with the very generous terms they were forced to give to Makhoulf's new airline and may want to use US sanctions as a way to get the issue revisited. In any case, we will pass on any new information we are able to acquire on the details of Makhoulf's contract. Given everything we have heard, however, the day when Makhoulf's airline may be landing in Damascus may not be too far off.

CORBIN